

# ARIZONA WORKFORCE

FORECAST  
REPORT

Arizona Department of Economic Security, Research Administration

April 12, 2007

## Despite Continued Economic Slowdown, Arizona's Economy is Expected to Add More Than 180,000 Jobs in 2007-08 Forecast Period

Arizona's economy is forecast to grow by more than 180,000 nonfarm jobs during 2007-2008. Economic expansion is expected to continue during the two-year period. Growth of nonfarm jobs, however, is forecast to slow, yet maintain a faster pace than the national economy. Service-providing industries are forecast to account for approximately 93 percent (over 167, 000) of these jobs. The

goods-producing cluster, representing 16 percent of all jobs, is forecast to account for approximately 7 percent of total job growth through 2008, more than 13,000 jobs. Annual growth rates for Arizona are forecast to be 3.7 percent in 2007 and 3.0 percent in 2008. According to Global Insight, the national economy is forecast to have nonfarm job growth of 1.2 percent in 2007 and 1.0 percent in 2008.

However, population growth continues to bolster job creation in Arizona, contrasting with projected slowdowns in the national economy. According to recently released U.S. Census population estimates, Arizona was the fastest growing state in the nation from July 2005 to July 2006. Already this year, Arizona was ranked third in the U.S. for over-the-year percentage job growth at 4.3 percent for February 2006 to February 2007 (U.S. Department of Labor, Bureau of Labor Statistics).

Construction employment growth is projected to slow from 11.9 percent in 2006 to 3.0 percent in 2007 and then to 1.0 percent in 2008. Construction is forecast to add close to 10,000 jobs (or nearly 4.0 percent growth) during the forecast period. Job growth is

### Total Nonfarm Employment Annual Average Growth Rate

	2006 <sup>(a)</sup>	2007 <sup>(b)</sup>	2008 <sup>(b)</sup>
Arizona	5.4%	3.7%	3.0%
Phoenix MSA <sup>1</sup>	6.0%	4.0%	3.3%
Tucson MSA <sup>2</sup>	3.5%	3.0%	2.6%
Balance of State <sup>3</sup>	4.2%	2.9%	2.0%

1) Maricopa and Pinal counties

2) Pima County

3) Arizona less Maricopa, Pinal and Pima counties

a) Historical

b) Forecast

projected to continue due to relatively strong demand for residential and non-residential projects including commercial, industrial and infrastructure developments.

Natural resources and mining is projected to have strong percentage job gains as a result of rising demand and prices for metallic and non-metallic mineral ores that are used for industrial and construction products across the globe. Mining is forecasted to add nearly over 1,100 jobs (11.3 percent) during the 2-year period. Strong demand for Arizona minerals is being generated by economic growth across the globe especially in Asia and Europe. Expansion in copper mining has been oc-

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### Arizona Industry Employment

Average Annual Over-the-Year Change

	2006 <sup>(a)</sup>	2007 <sup>(b)</sup>	2008 <sup>(b)</sup>
Manufacturing	2.7%	0.3%	0.9%
Natural Resources/ Mining	15.1%	8.1%	3.0%
Construction	11.9%	3.0%	1.0%
Trade, Trans, & Utilities	4.5%	3.8%	3.0%
Information	-1.1%	-2.2%	-0.4%
Financial Activities	5.0%	3.3%	3.0%
Professional & Business Services	7.8%	6.8%	5.0%
Education & Health Services	5.4%	4.4%	4.5%
Leisure & Hospitality	4.9%	4.3%	3.3%
Other Services	10.1%	5.8%	4.0%
Government	1.8%	1.8%	2.0%

a) Historical

b) Forecast

curring over the last few years and is expected to continue with the opening of new sites and the augmentation of existing sites. Prospecting projects are also taking place for uranium and gold deposits.

Manufacturing is forecast to have slight gains in the state by adding close to 2,200 jobs (1.2 percent). Relative strength in the durable sectors of fabricated metals and aerospace products is projected to prevent losses in manufacturing. Weakness in the durable goods sector of computer and electronic products is anticipated to have a slight loss in jobs during this forecast period. Continued demand from civilian and military sectors is expected to bolster aerospace products. Re-

### About This Publication

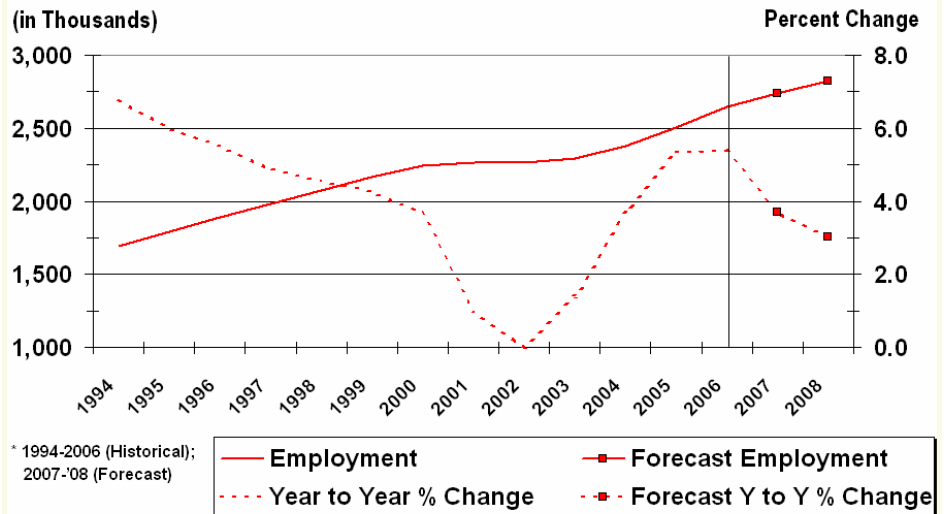
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Arizona Nonfarm Employment and Annual Over-the-Year Percentage Change, 1994-2008\*



cently released data from the U.S. Department of Commerce has shown recent, healthy gains in exports from factories located in the state of Arizona. Some consolidation is projected to occur in computer and electronic parts manufacturing as several major local firms adjust to competitive pressures in their respective product markets.

Trade, transportation and utilities (TTU) is projected to add more than 35,000 jobs (7.0 percent) during the forecast period. A reduced rate of expansion in consumer spending is expected to restrain trade (prior two-year growth periods are over 8 percent). Utilities are expected to have continued slow growth to meet the rising demand from population growth.

Information is projected to lose nearly 1,200 jobs (- 2.6 percent) continuing its historical trends over recent years, consistent with consolidation, automation and outsourcing.

Financial activities is forecast to have slowing growth with the rest of the economy adding nearly 12,000 jobs (6.4 percent). However, consumer adjustment to changing financial conditions such as refinancing is anticipated to help bolster this industry.

Professional and business services job growth is forecast to slow with the rest of the economy, but the major industry group is projected to add over 48,000 jobs (12.1 percent). The pressure on firms to contain costs in a competitive environment with outsourcing labor and other services is expected to support this industry group. The professional and business services industry is forecast to have the largest number and percentage gains among major industries, representing 27 percent of total growth.

Educational and health services is projected to increase employment by more than 26,000 jobs (9.1 percent). This industry maintains its steady job

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gains with population-based demands from both older adults and youth. “Baby Boomers” are expected to have increasing demands impacting health services and private educational services. Arizona’s growing youth populations will maintain demand for private health and education services employment.

Leisure and hospitality is forecast to have a gradual decrease in growth with the rest of the economy but will add more than 20,000 jobs (7.7 percent) during the 2007-’08 time period. An increase in local tourist activity is expected to bolster this industry as higher fuel prices prompt consumers to remain closer to home.

Other services is forecast to follow the general trend of the overall economy and increase by over 10,000 jobs (10 percent).

Government job growth is forecast to continue due to population growth-related needs, primarily in education. Approximately 16,000 jobs (3.9 percent) are predicted to be added during the forecast period.

In conclusion, Arizona’s economy is

forecast to slow during the 2007-’08 period. Arizona’s job growth is nevertheless expected to outpace the nation. The pace of job growth in Arizona for 2007 is forecasted to be 3.7 percent and then slow further to 3.0 percent in 2008. Ten of 11 major industries are predicted to add jobs in both 2007 and 2008. Professional and business services is projected to have the largest percentage and numerical employment gains during the forecast period. Overall, Arizona’s growth is expected to be fairly healthy.

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**Next Press Briefing:** **March Employment Report** - Thursday, April 19, 10 a.m., DES Administration Building, Room 110, 1717 W. Jefferson St., Phoenix

*Arizona’s Workforce* and additional economic data are on the Internet at:

**<http://www.workforce.az.gov>**

Equal Opportunity Employer/Program (see back page for more information)

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Table 1

<b>Arizona Employment Forecast</b> (In Thousands)						
	2005	2006	2007	2008	Change in Employment	
					2007	2008
<b>Total Nonfarm Employment</b>	2508.8	2643.6	2741.2	2823.9	97.6	82.7
<i>Percent Change</i>		5.4	3.7	3.0		
Manufacturing	182.3	187.3	187.8	189.5	0.5	1.7
<i>Percent Change</i>		2.7	0.3	0.9		
Natural Resources & Mining	8.6	9.9	10.7	11.0	0.8	0.3
<i>Percent Change</i>		15.1	8.1	3.0		
Construction	219.4	245.5	252.9	255.4	7.4	2.5
<i>Percent Change</i>		11.9	3.0	1.0		
Trade, Transportation, & Utilities	488.6	510.8	530.4	546.5	19.6	16.2
<i>Percent Change</i>		4.5	3.8	3.0		
Information	45.3	44.8	43.8	43.7	-1.0	-0.2
<i>Percent Change</i>		-1.1	-2.2	-0.4		
Financial Activities	174.4	183.1	189.1	194.8	6.0	5.7
<i>Percent Change</i>		5.0	3.3	3.0		
Professional & Business Services	366.0	394.7	421.4	442.5	26.7	21.1
<i>Percent Change</i>		7.8	6.8	5.0		
Education & Health Services	275.7	290.5	303.4	316.9	12.9	13.6
<i>Percent Change</i>		5.4	4.4	4.5		
Leisure & Hospitality	254.3	266.7	278.1	287.2	11.4	9.1
<i>Percent Change</i>		4.9	4.3	3.3		
Other Services	91.4	100.6	106.4	110.7	5.8	4.3
<i>Percent Change</i>		10.1	5.8	4.0		
Government	402.9	410.0	417.5	426.0	7.5	8.4
<i>Percent Change</i>		1.8	1.8	2.0		

Note: 1) Totals may not add due to rounding

2) Forecast figures are calculated on percentage change

Table 2

Phoenix MSA Employment Forecast						
(In Thousands)						
	2005	2006	2007	2008	Change in Employment	
					2007	2008
Total Nonfarm Employment	1787.7	1894.6	1970.4	2035.6	75.8	65.2
Percent Change		6.0	4.0	3.3		
Manufacturing	136.5	140.3	140.6	141.6	0.3	1.0
Percent Change		2.8	0.2	0.7		
Natural Resources & Mining	2.2	2.7	2.9	2.9	0.2	0.0
Percent Change		22.7	8.0	1.0		
Construction	163.9	184.7	190.4	192.5	5.7	2.1
Percent Change		12.7	3.1	1.1		
Trade, Transportation, & Utilities	362.0	379.5	395.3	409.3	15.8	14.0
Percent Change		4.8	4.1	3.5		
Information	33.3	32.9	32.3	32.1	-0.6	-0.2
Percent Change		-1.2	-1.8	-0.5		
Financial Activities	147.0	154.2	159.4	164.4	5.2	4.9
Percent Change		4.9	3.4	3.1		
Professional & Business Services	296.8	320.6	343.0	361.1	22.4	18.1
Percent Change		8.0	7.0	5.3		
Education & Health Services	184.1	195.3	204.3	213.5	9.0	9.2
Percent Change		6.1	4.6	4.5		
Leisure & Hospitality	170.4	180.7	189.3	196.8	8.6	7.5
Percent Change		6.0	4.7	3.8		
Other Services	66.0	73.0	77.4	80.6	4.4	3.2
Percent Change		10.6	6.0	4.2		
Government	225.5	230.7	235.4	240.7	4.7	5.2
Percent Change		2.3	2.1	2.2		

Note: 1) Totals may not add due to rounding

2) Forecast figures are calculated on percentage change

Table 3

<b>Tucson MSA Employment Forecast</b>						
(In Thousands)						
	2005	2006	2007	2008	Change in Employment	
					2007	2008
<b>Total Nonfarm Employment</b>	<b>366.7</b>	<b>379.7</b>	<b>391.1</b>	<b>401.1</b>	<b>11.4</b>	<b>10.0</b>
<i>Percent Change</i>		<i>3.5</i>	<i>3.0</i>	<i>2.6</i>		
Manufacturing	28.3	28.8	28.8	28.9	0.0	0.1
<i>Percent Change</i>		<i>1.8</i>	<i>-0.2</i>	<i>0.5</i>		
Natural Resources & Mining	1.4	1.6	1.7	1.8	0.1	0.1
<i>Percent Change</i>		<i>14.3</i>	<i>9.0</i>	<i>4.0</i>		
Construction	25.7	28.1	28.7	28.8	0.6	0.2
<i>Percent Change</i>		<i>9.3</i>	<i>2.0</i>	<i>0.5</i>		
Trade, Transportation, & Utilities	59.5	61.8	63.4	64.8	1.6	1.4
<i>Percent Change</i>		<i>3.9</i>	<i>2.6</i>	<i>2.1</i>		
Information	7.2	7.0	6.7	6.7	-0.4	0.0
<i>Percent Change</i>		<i>-2.8</i>	<i>-5.0</i>	<i>0.0</i>		
Financial Activities	16.5	17.3	17.9	18.4	0.6	0.5
<i>Percent Change</i>		<i>4.8</i>	<i>3.2</i>	<i>2.9</i>		
Professional & Business Services	45.9	49.1	51.8	54.0	2.7	2.2
<i>Percent Change</i>		<i>7.0</i>	<i>5.5</i>	<i>4.2</i>		
Education & Health Services	50.5	52.8	55.1	57.7	2.3	2.5
<i>Percent Change</i>		<i>4.6</i>	<i>4.4</i>	<i>4.6</i>		
Leisure & Hospitality	39.8	40.7	42.6	43.8	1.9	1.2
<i>Percent Change</i>		<i>2.3</i>	<i>4.6</i>	<i>2.8</i>		
Other Services	14.7	15.9	16.7	17.2	0.8	0.5
<i>Percent Change</i>		<i>8.2</i>	<i>5.0</i>	<i>3.0</i>		
Government	77.1	76.8	78.0	79.3	1.2	1.4
<i>Percent Change</i>		<i>-0.4</i>	<i>1.5</i>	<i>1.8</i>		

Note: 1) Totals may not add due to rounding

2) Forecast figures are calculated on percentage change

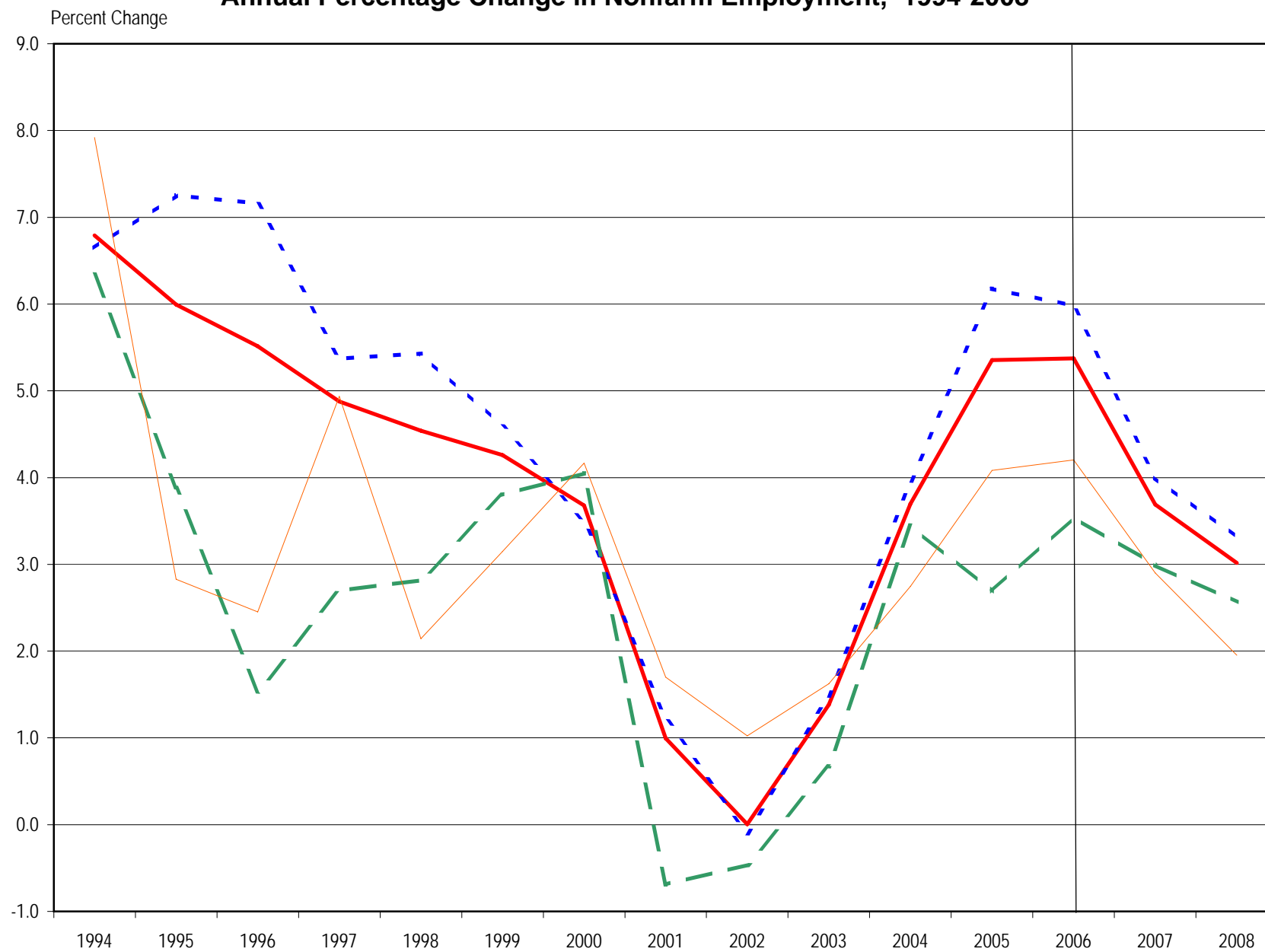
Table 4

<b>Balance of State Employment Forecast</b>						
(In Thousands)						
	2005	2006	2007	2008	Change in Employment	
					2007	2008
<b>Total Nonfarm Employment</b>	<b>354.4</b>	<b>369.3</b>	<b>379.8</b>	<b>387.2</b>	<b>10.5</b>	<b>7.4</b>
<i>Percent Change</i>		<i>4.2</i>	<i>2.9</i>	<i>2.0</i>		
Manufacturing	17.5	18.2	18.5	19.0	0.3	0.5
<i>Percent Change</i>		<i>4.0</i>	<i>1.5</i>	<i>2.9</i>		
Natural Resources & Mining	5.0	5.6	6.0	6.3	0.4	0.2
<i>Percent Change</i>		<i>12.0</i>	<i>7.9</i>	<i>3.7</i>		
Construction	29.8	32.7	33.8	34.1	1.1	0.3
<i>Percent Change</i>		<i>9.7</i>	<i>3.3</i>	<i>0.8</i>		
Trade, Transportation, & Utilities	67.1	69.5	71.6	72.5	2.1	0.8
<i>Percent Change</i>		<i>3.6</i>	<i>3.2</i>	<i>1.2</i>		
Information	4.8	4.9	4.9	4.9	0.0	0.0
<i>Percent Change</i>		<i>2.1</i>	<i>-0.9</i>	<i>-0.1</i>		
Financial Activities	10.9	11.6	11.8	12.1	0.2	0.2
<i>Percent Change</i>		<i>6.4</i>	<i>2.1</i>	<i>1.8</i>		
Professional & Business Services	23.3	25.0	26.6	27.4	1.6	0.8
<i>Percent Change</i>		<i>7.3</i>	<i>6.2</i>	<i>3.2</i>		
Education & Health Services	41.1	42.4	44.0	45.7	1.6	1.8
<i>Percent Change</i>		<i>3.2</i>	<i>3.7</i>	<i>4.0</i>		
Leisure & Hospitality	44.1	45.3	46.2	46.6	0.9	0.4
<i>Percent Change</i>		<i>2.7</i>	<i>2.4</i>	<i>1.3</i>		
Other Services	10.7	11.7	12.4	12.9	0.7	0.5
<i>Percent Change</i>		<i>9.3</i>	<i>5.6</i>	<i>4.1</i>		
Government	100.3	102.5	104.1	105.9	1.6	1.8
<i>Percent Change</i>		<i>2.2</i>	<i>1.6</i>	<i>1.7</i>		

Note: 1) Totals may not add due to rounding

2) Forecast figures are calculated on percentage change

# Arizona, Phoenix Metro, Tucson Metro, Balance of State, Annual Percentage Change in Nonfarm Employment, 1994-2008\*



\* 1994-2006 (Historical);  
2007-08 (Forecast)

— Arizona

- - - Phx Metro

- - - Tuc Metro

— Balance of State



Chart 2

## Arizona Nonfarm Employment

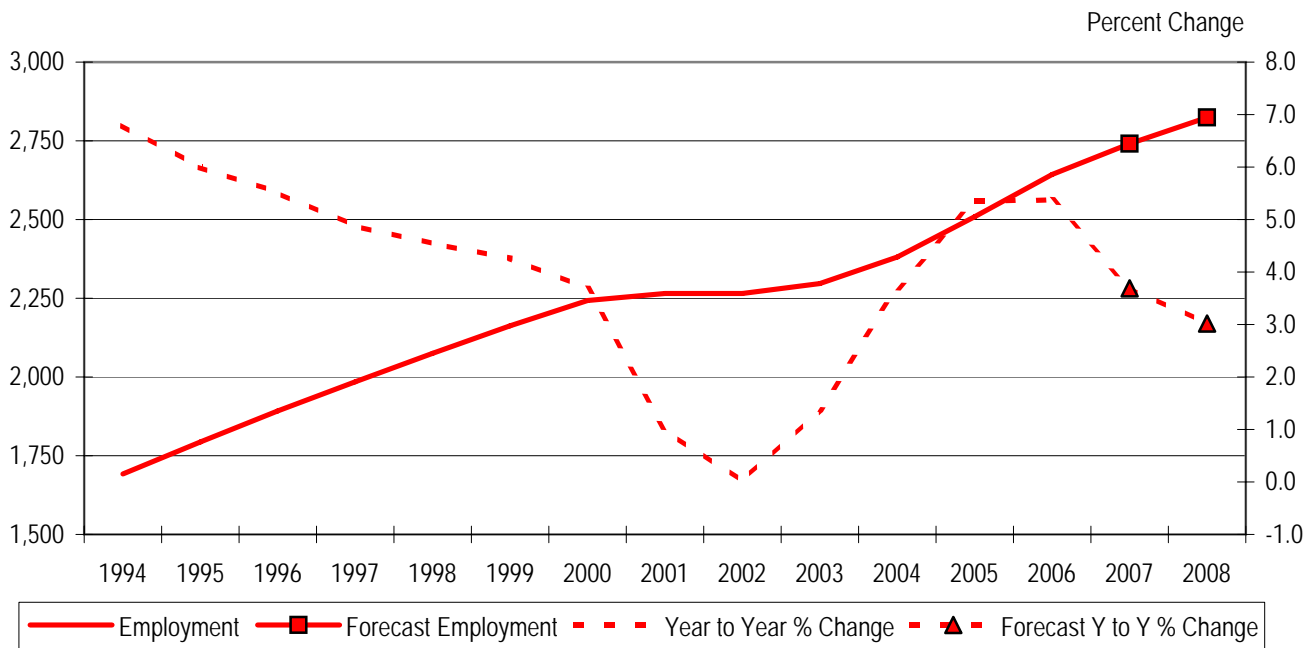


Chart 3

## Phoenix MSA Nonfarm Employment

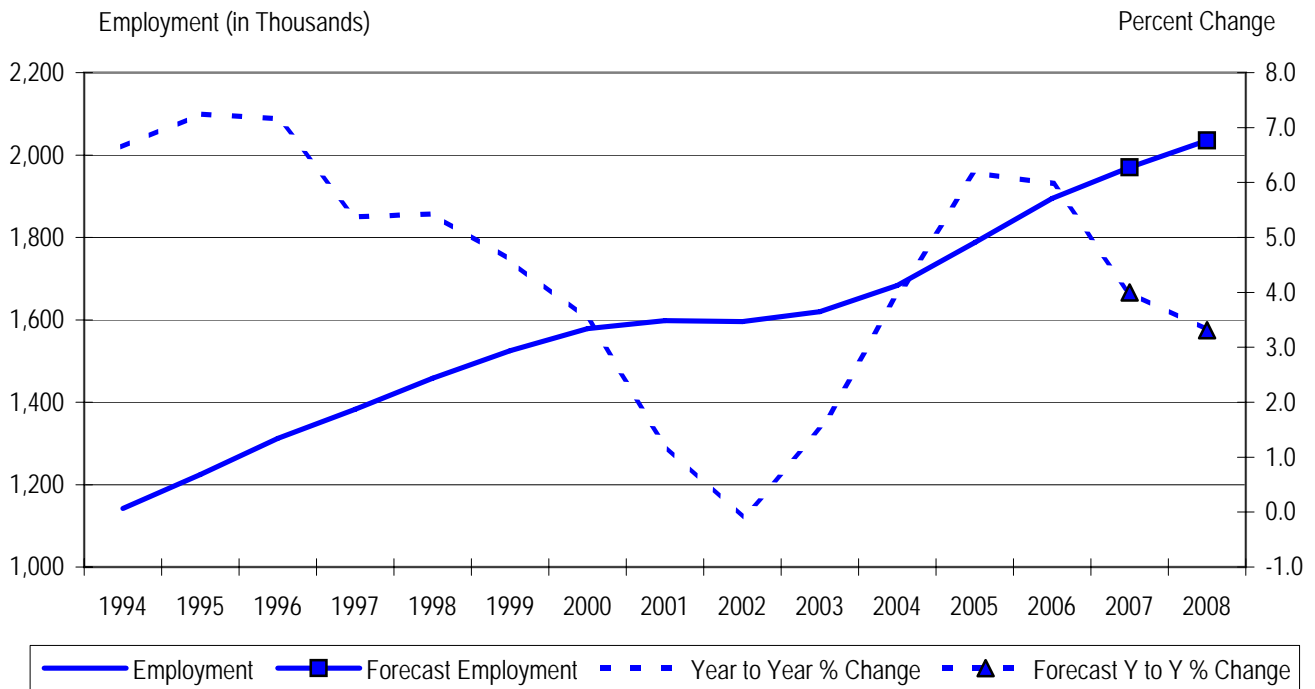


Chart 4

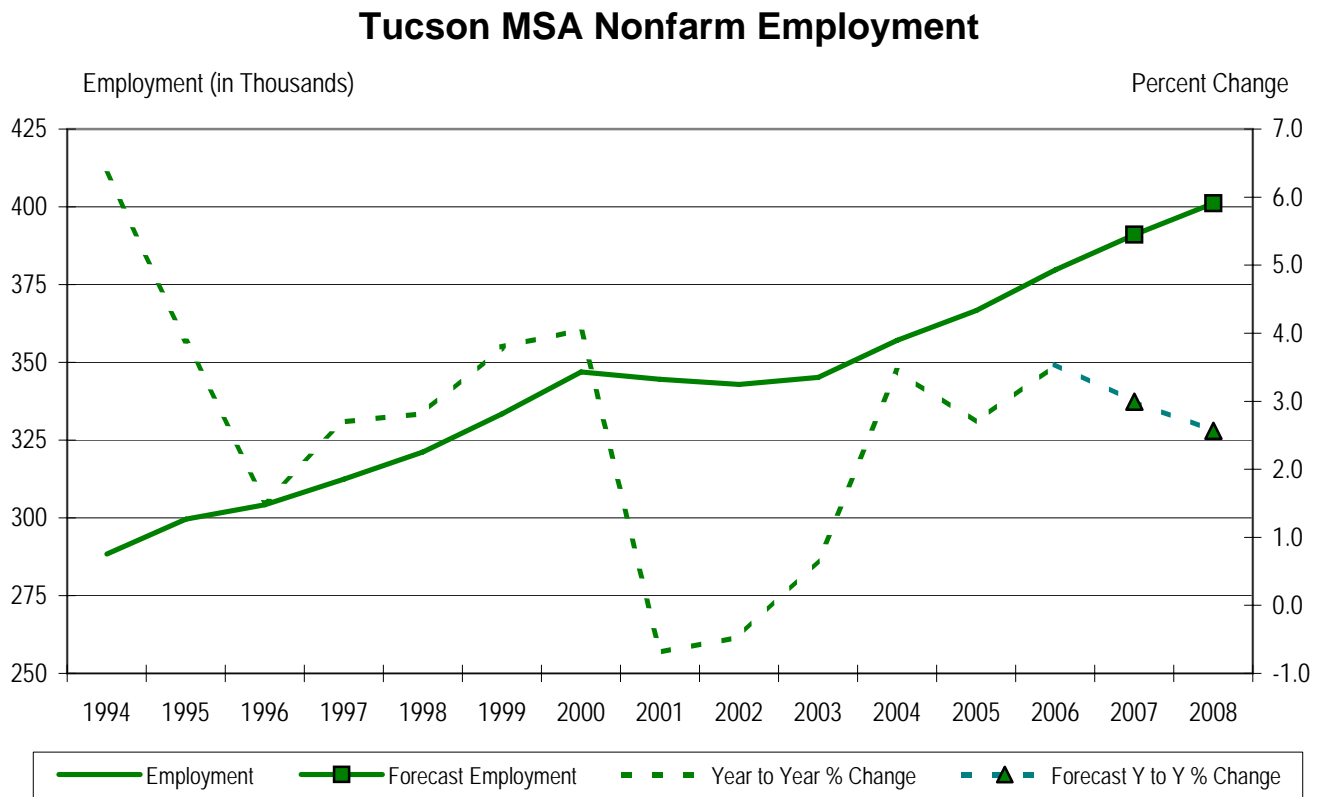


Chart 5

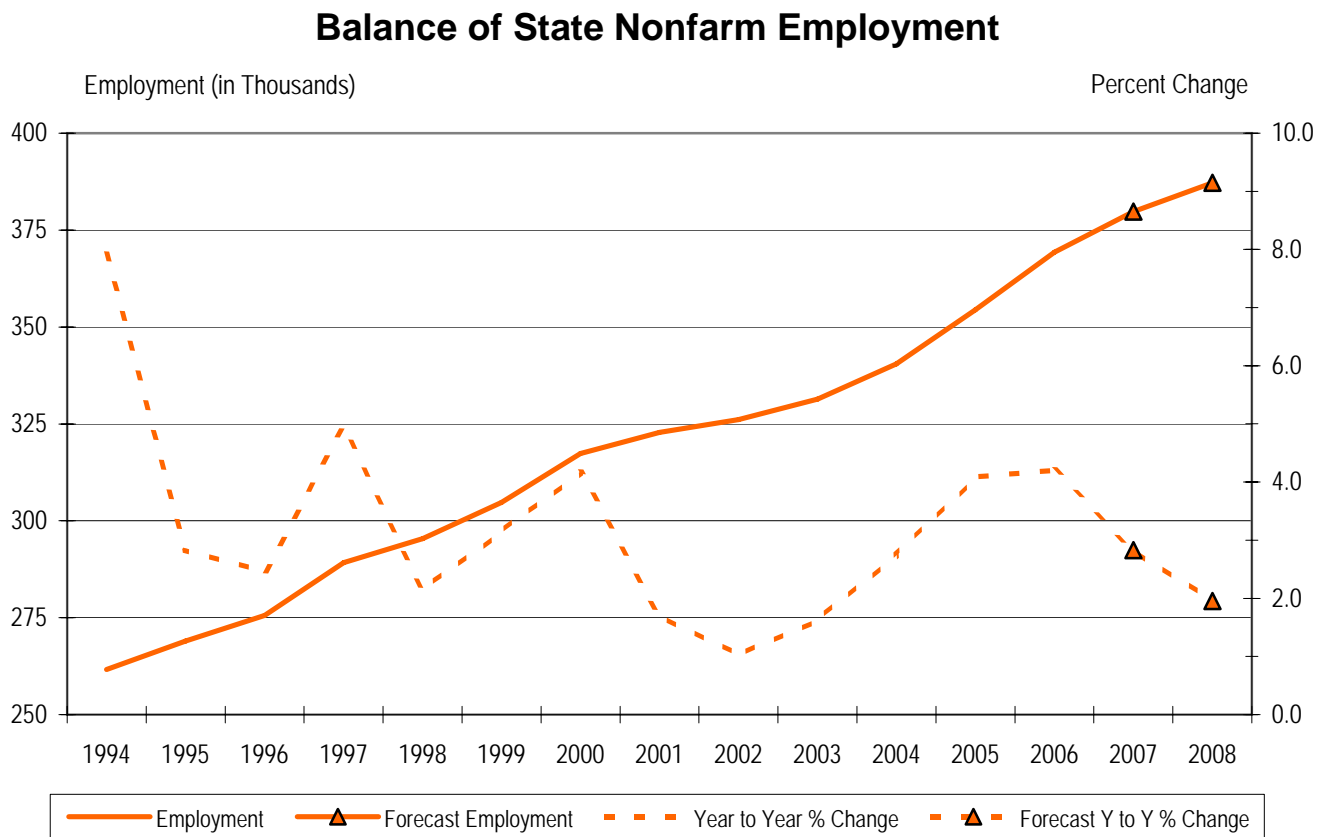


Chart 6

## Arizona Manufacturing Employment

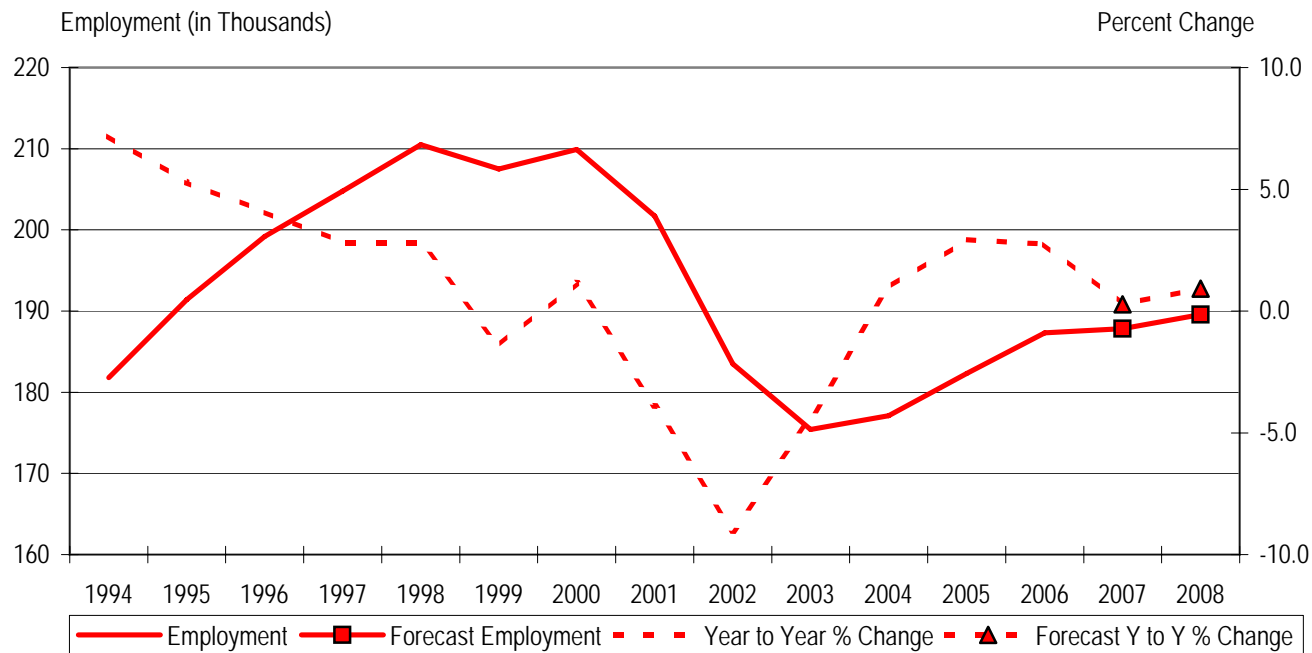


Chart 7

## Arizona Natural Resources & Mining Employment

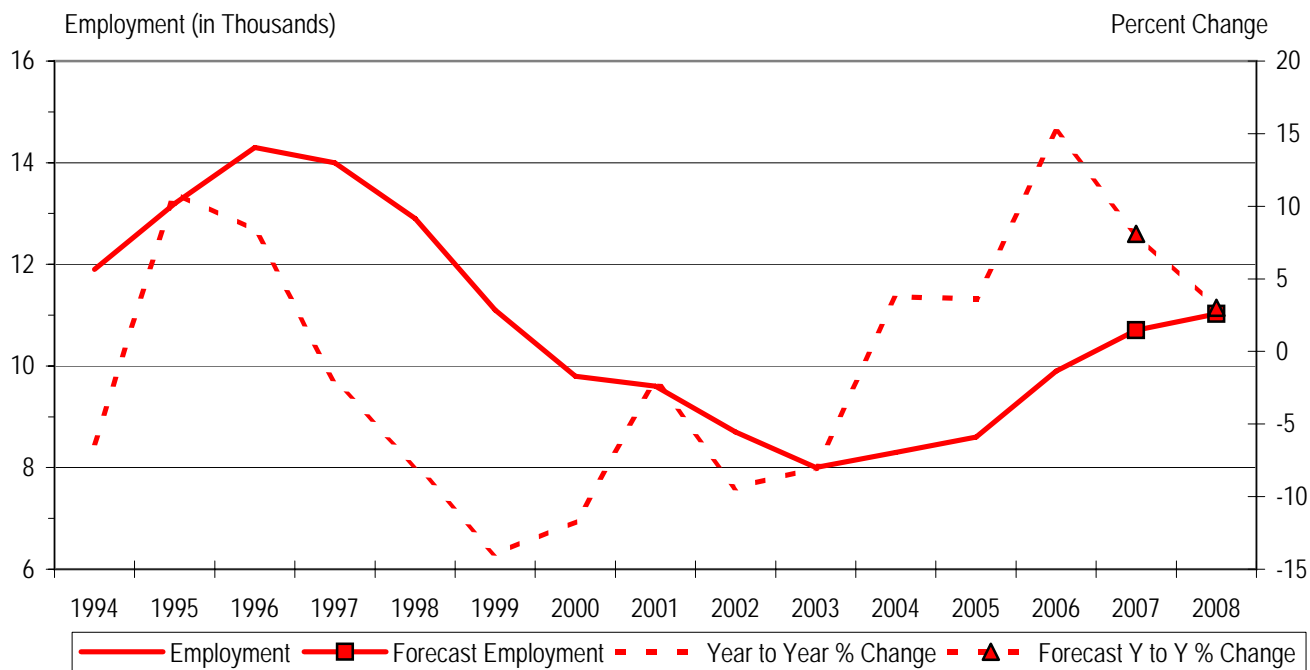


Chart 8

## Arizona Construction Employment

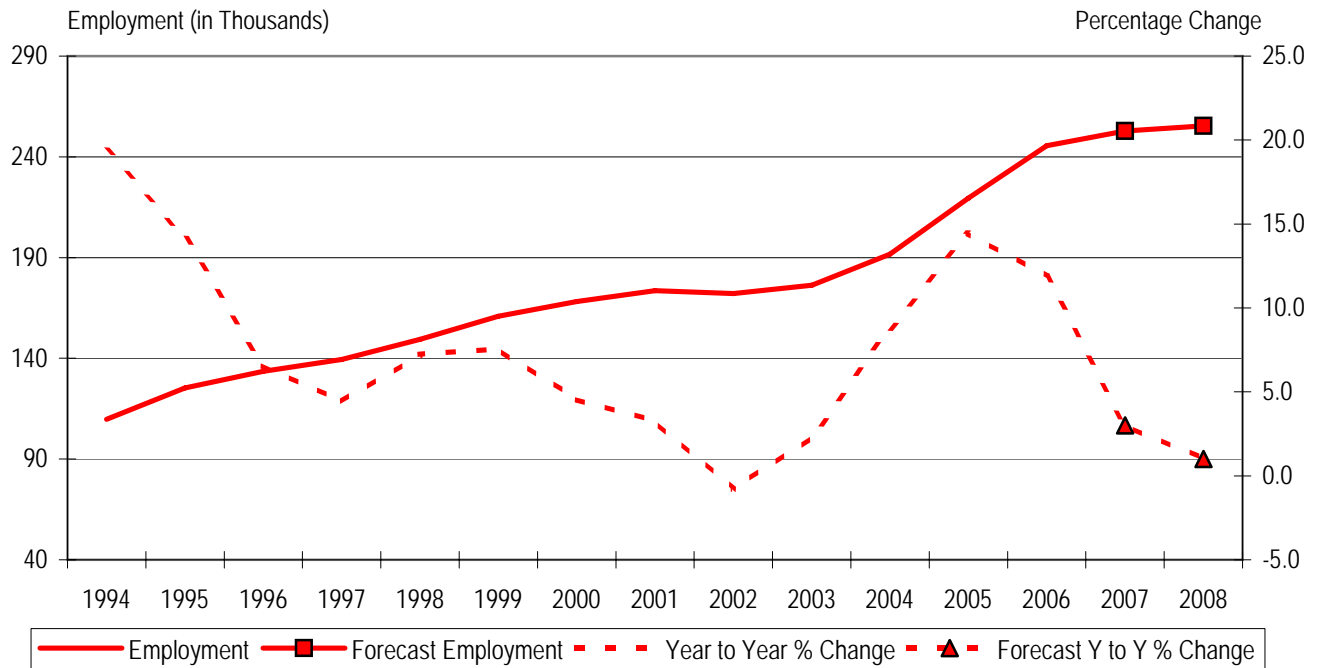


Chart 9

## Arizona Trade Employment

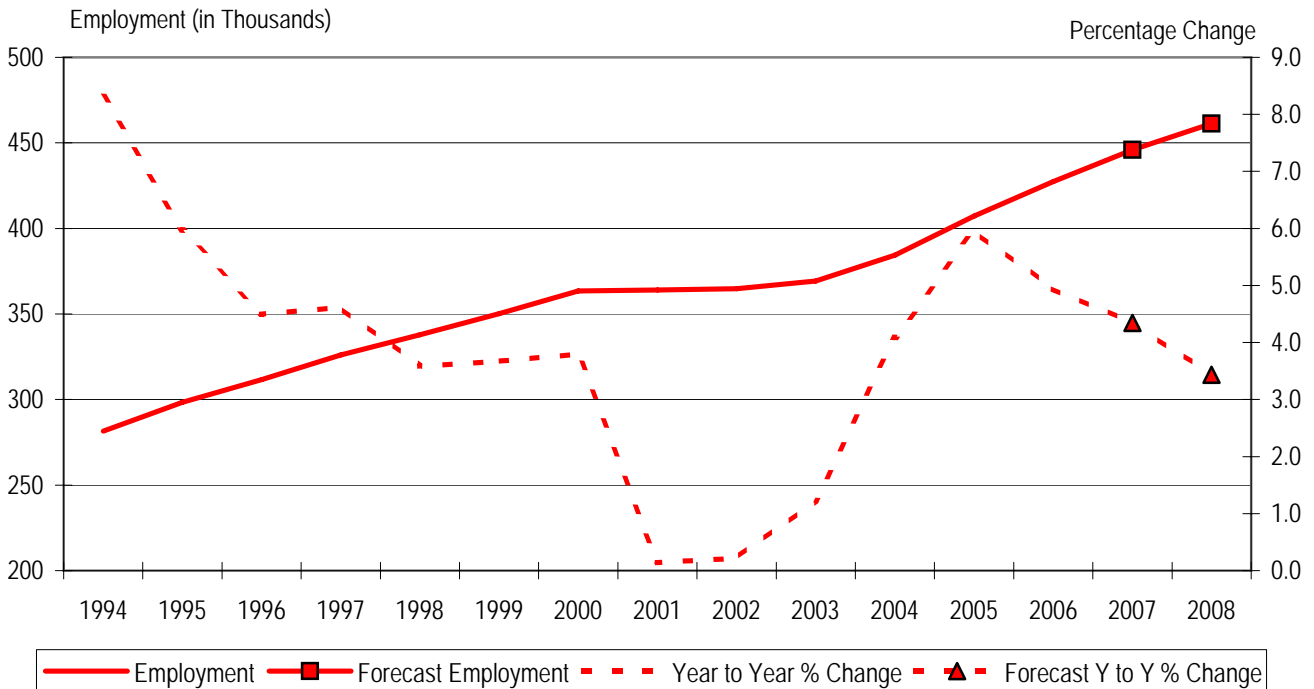


Chart 10

## Arizona Transportation & Utilities Employment

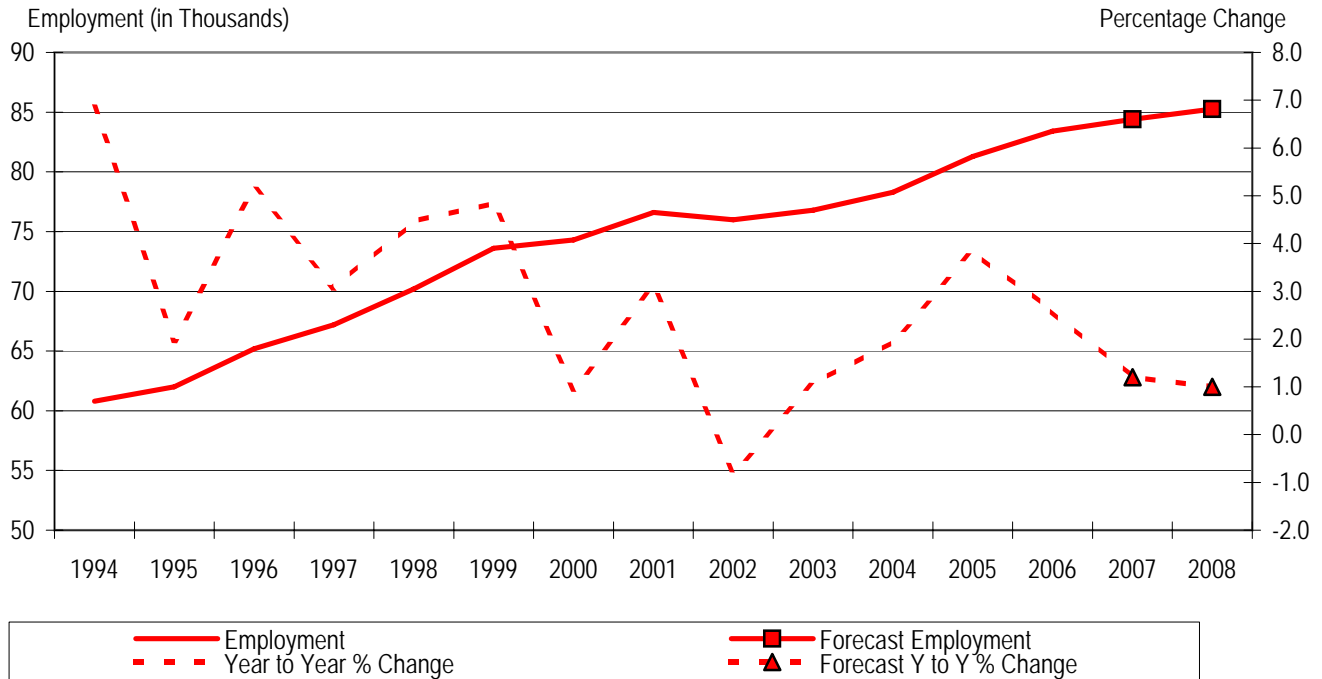


Chart 11

## Arizona Information Employment

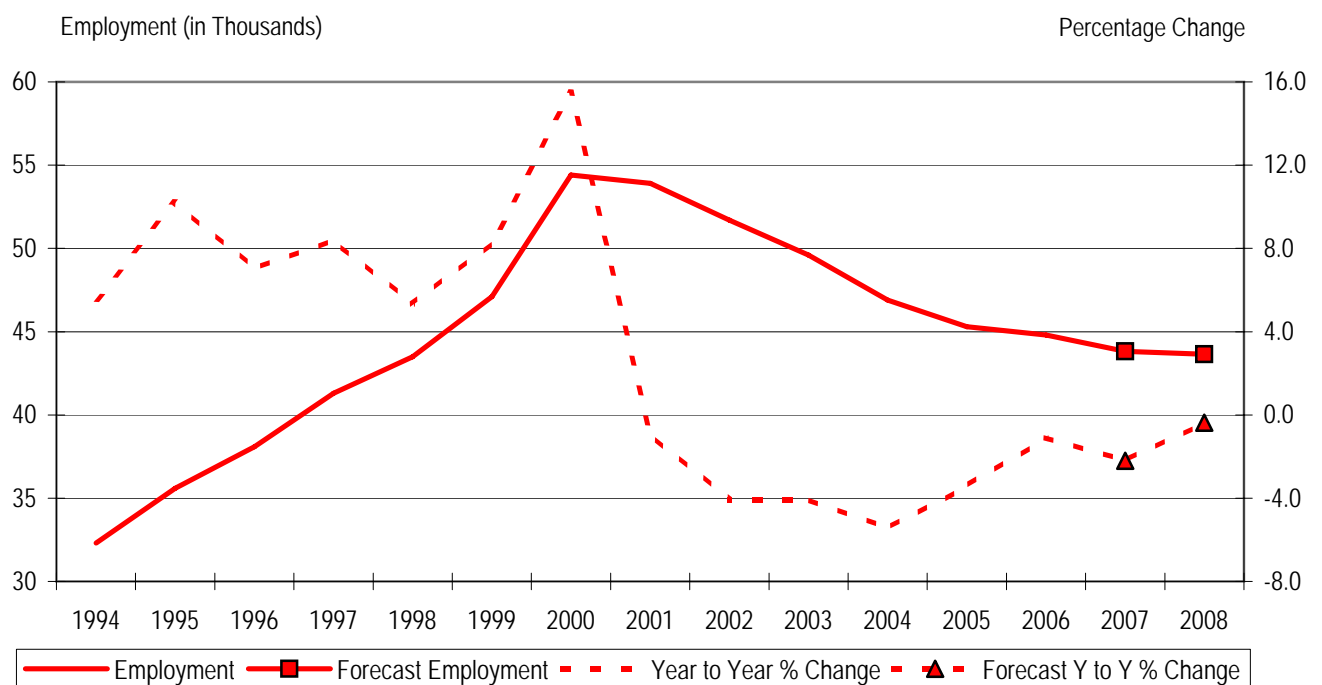


Chart 12

## Arizona Financial Activities Employment

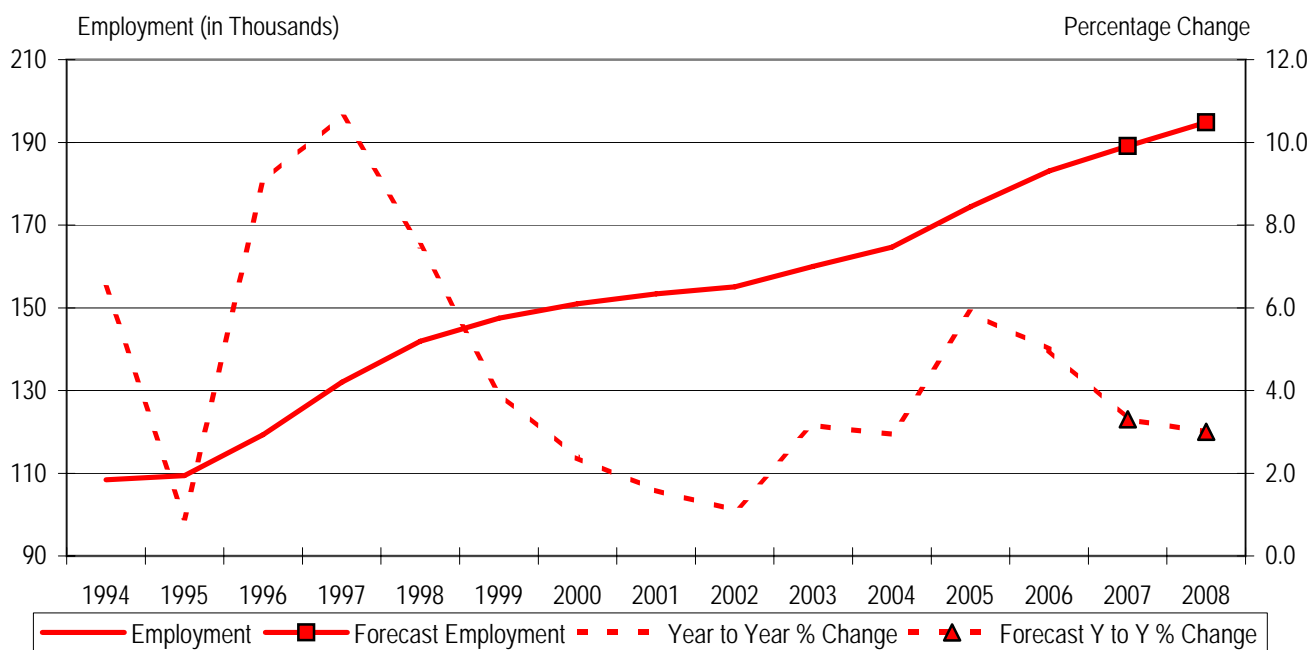


Chart 13

## Arizona Professional & Business Services Employment

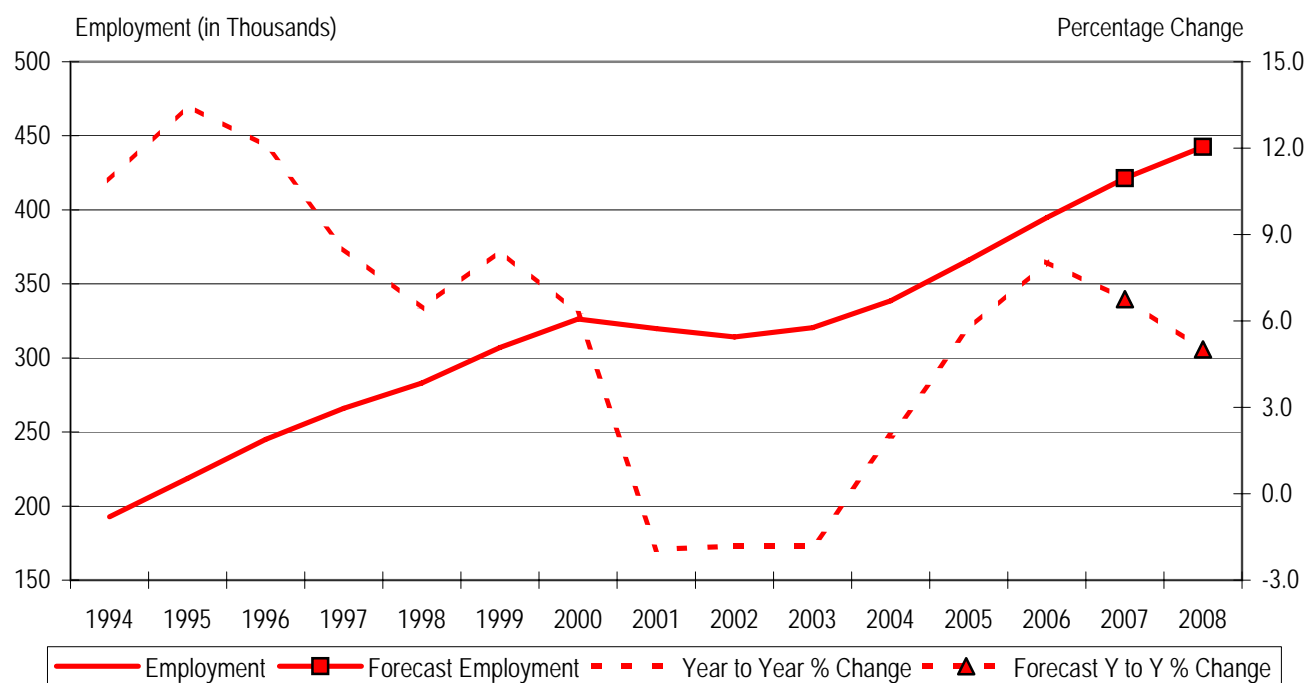


Chart 14

## Arizona Education & Health Services Employment

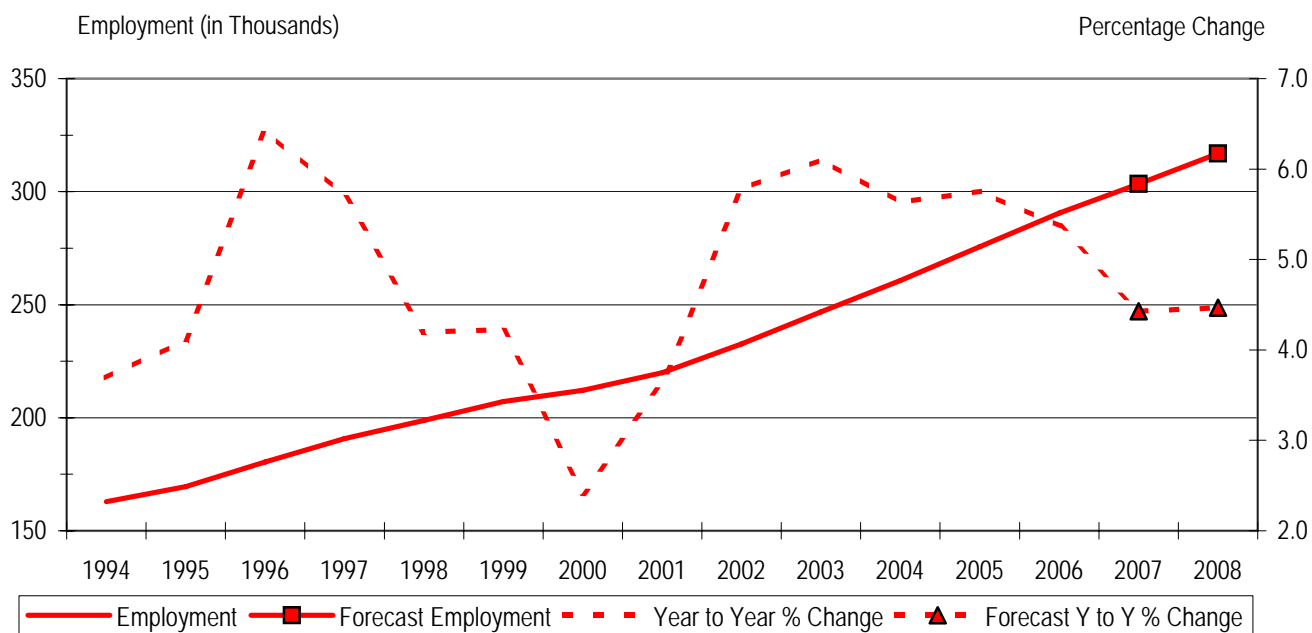


Chart 15

## Arizona Leisure & Hospitality Employment

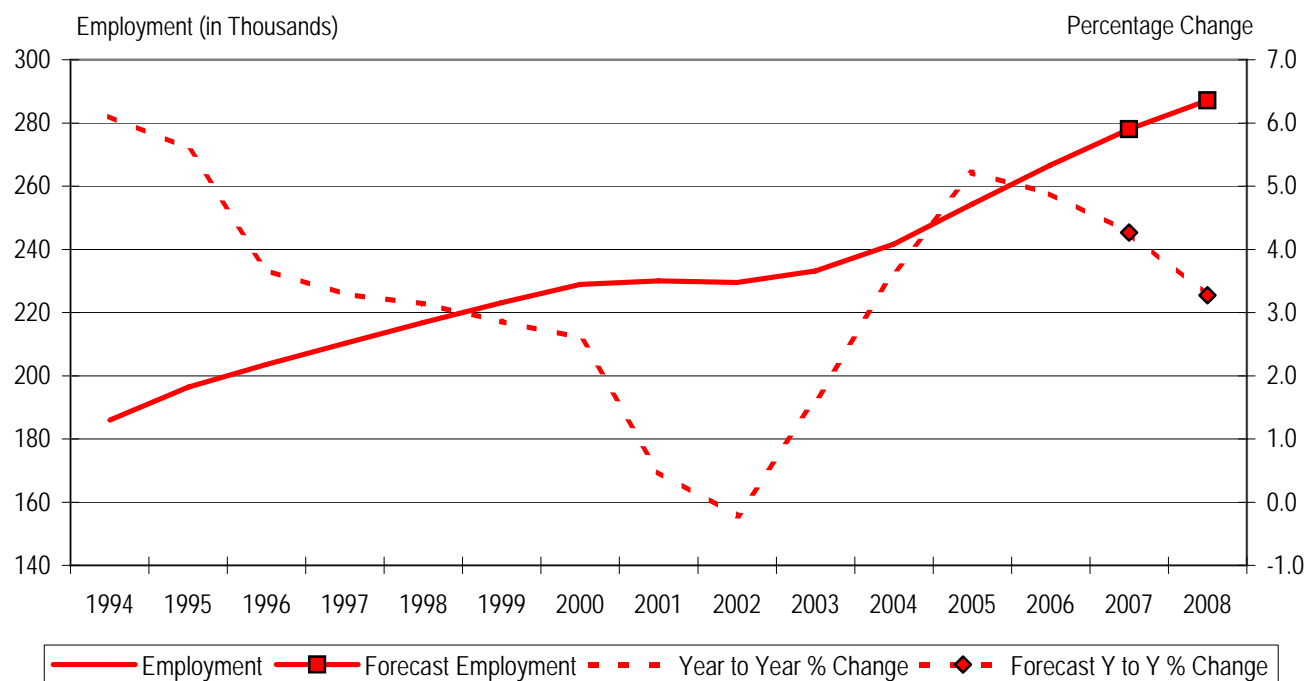


Chart 16

### Arizona Other Services Employment

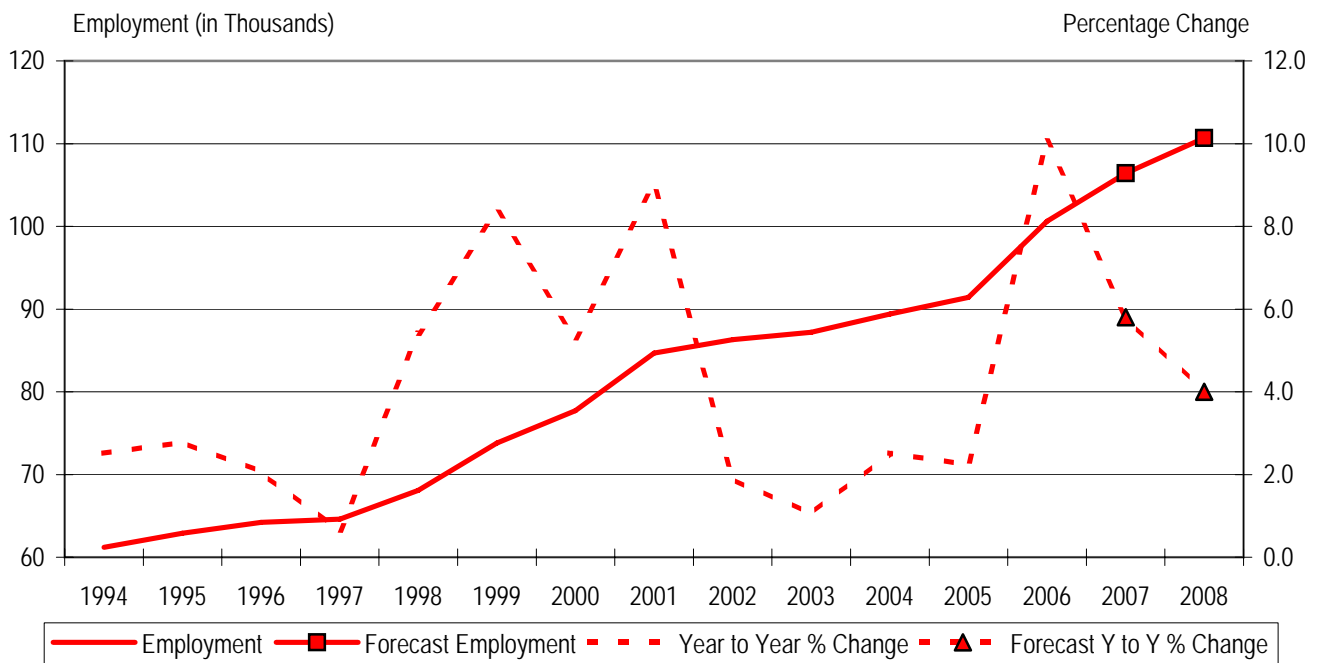
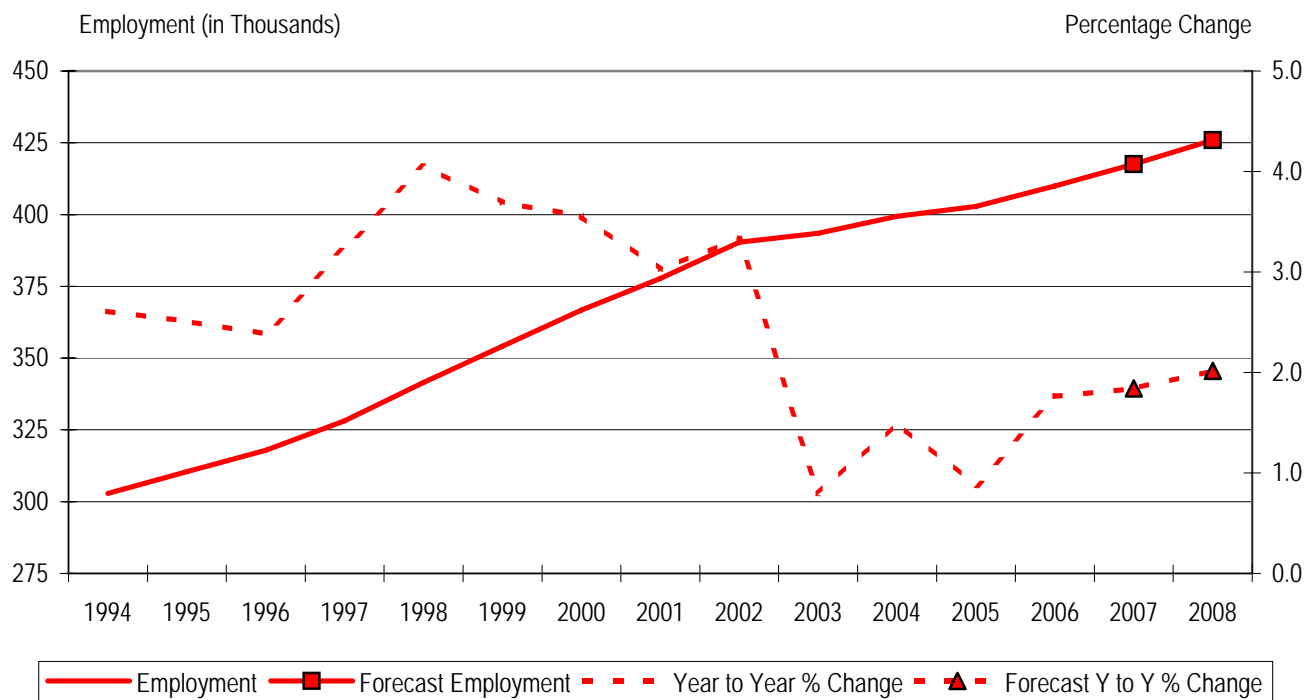


Chart 17

### Arizona Government Employment







### **— Equal Opportunity Employer/Program —**

Under Titles VI and VII of the Civil Rights Act of 1964 (Title VI & VII), and the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, the Department prohibits discrimination in admissions, programs, services, activities, or employment based on race, color, religion, sex, national origin, age, and disability. The Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service or activity. For example, this means if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. To request this document in alternative format or for further information about this policy, contact the Division of Developmental Disabilities ADA Coordinator at 602 542-6825; TTY/TDD Services: 7-1-1.